

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 301 – SB 1189

March 19, 2017

**SUMMARY OF ORIGINAL BILL:** Establishes that any burden imposed on Tennessee insurance companies by any other state or foreign country, regardless of how designated or described in the laws or regulations of that state or country, the same shall be imposed by Tennessee upon any insurance company based in such state or foreign country. Specifies that assessments, including any “special fund assessment,” are subject to reciprocity of treatment. Establishes principles by which the Commissioner of the Department of Commerce and Insurance (TDCI) and the appropriate courts shall examine the relevant statutes, regulations, policy statements, and administrative practices of another state or foreign country to determine applicability of reciprocity of treatment.

Establishes the Commissioner of the TDCI as having the authority to administer the assessment and collection of all taxes, fees, assessments, fines, penalties, licenses, deposit requirements, and other obligations or liabilities. Establishes that any disputes arising from any such imposition be brought in the Chancery Court of Davidson County. This bill shall take effect upon becoming law and apply to all tax years beginning on or after January 1, 2017.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$8,840,300/FY17-18 and Subsequent Years

The Governor’s Recommended Budget Document for FY17-18 recognizes a one-time increase in state revenue to the General Fund of \$2,325,000 for FY16-17 (page A-28), and a recurring increase in state revenue to the General Fund of \$9,300,000 beginning in FY17-18 (page A-38).

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Fiscal Impact – The degree to which passage of this bill prevents other states from imposing additional taxes, fees, fines, penalties, licenses, deposit requirements or other obligations, prohibitions, or restrictions on Tennessee domestic insurance companies is unknown; however, the overall impact to such businesses is generally assumed to be positive.

**SUMMARY OF AMENDMENT (004891):** Deletes all language after the enacting clause. Establishes that any disputes arising from any retaliatory tax imposition pursuant to Tenn. Code Ann. § 56-4-218 be brought in the Chancery Court of Davidson County pursuant to procedures as set out in Tennessee Code Annotated, title 67, chapter 1, part 9. Adds claims for recovery of taxes collected or administered by the Commissioner of the TDCI to the types of claims the Tennessee Claims Commission does not have jurisdiction to hear. This legislation shall take effect upon becoming law and apply to all tax years beginning on or after January 1, 2017.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**NOT SIGNIFICANT**

**The Governor's Recommended Budget Document for FY17-18 recognizes a one-time increase in state revenue to the General Fund of \$2,325,000 for FY16-17 (page A-28), and a recurring increase in state revenue to the General Fund of \$9,300,000 beginning in FY17-18 (page A-38)**

Assumptions for the bill as amended:

- Any increase in the number of cases handled by the chancery court of Davidson County is estimated to be not significant.
- A change in the jurisdiction of cases, from the Tennessee Claims Commission to the chancery court of Davidson County, which challenge the assessment, imposition, and collection of all taxes, fees, assessments, fines, penalties, licenses, deposit requirements, and other obligations or liabilities by retaliatory taxes, is not estimated to have a significant impact on retaliatory tax liabilities enforced and collected by the TDCI.
- There will be no significant decrease in the number of claims heard by the Tennessee Claims Commission; therefore, no significant decrease in expenditures incurred by the Commission.

**IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**NOT SIGNIFICANT**

Assumption for the bill as amended:

- This bill as amended is estimated to have no significant impact on businesses or commerce in Tennessee.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb